



# California Public Utilities Commission

505 Van Ness Avenue, San Francisco, CA 94102

## Press Release

FOR IMMEDIATE RELEASE

Media Contact: Terrie Prosper, 415.703.1366, [news@cpuc.ca.gov](mailto:news@cpuc.ca.gov)

### **PUC TO EXAMINE LNG PROCUREMENT TO ENSURE ADEQUATE SUPPLY OF NATURAL GAS AT REASONABLE COSTS FOR CALIFORNIA**

SAN FRANCISCO, November 1, 2007 - The California Public Utilities Commission (PUC), in its ongoing efforts to ensure adequate supplies of natural gas at reasonable prices to meet California's long-term needs, today said it will examine issues relating to whether and how the largest California utilities should enter into procurement contracts for natural gas from Liquefied Natural Gas (LNG) suppliers on the West Coast.

The PUC said it will examine under what circumstances Pacific Gas and Electric Company (PG&E), San Diego Gas and Electric Company (SDG&E), and Southern California Gas Company (SoCalGas) should enter into long-term procurement contracts with LNG suppliers. Alternatively, the utilities could purchase natural gas from marketers regardless of whether or not any of the natural gas comes from LNG supplies.

In analyzing these issues, the PUC will examine whether, through long-term procurement contracts for natural gas from LNG suppliers, the California utilities can ensure the reliability of the LNG-sourced natural gas and that their ratepayers will receive economic benefits from these contracts. Finally, considering that certain of the California utilities have affiliates in the LNG business or with a financial interest in a particular LNG project, the PUC will examine the process under which those California utilities may request proposals for LNG-supplied procurement contracts and the procedures under which the PUC will decide whether or not to pre-approve the California utilities' procurement contracts.

The PUC directed SoCalGas, PG&E, and SDG&E to file comments addressing their potential procurement of LNG-sourced natural gas for their core natural gas customers' needs, and also directed PG&E and SDG&E to file comments addressing those utilities' electric generation needs. The PUC also encouraged Southern California Edison Company to address the pertinent issues in terms of its potential procurement of LNG-sourced natural gas. The PUC invited all other

interested parties to file initial comments on the issues and/or reply comments to the initial comments of the California utilities and other parties.

For more information on the PUC, please visit [www.cpuc.ca.gov](http://www.cpuc.ca.gov).

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